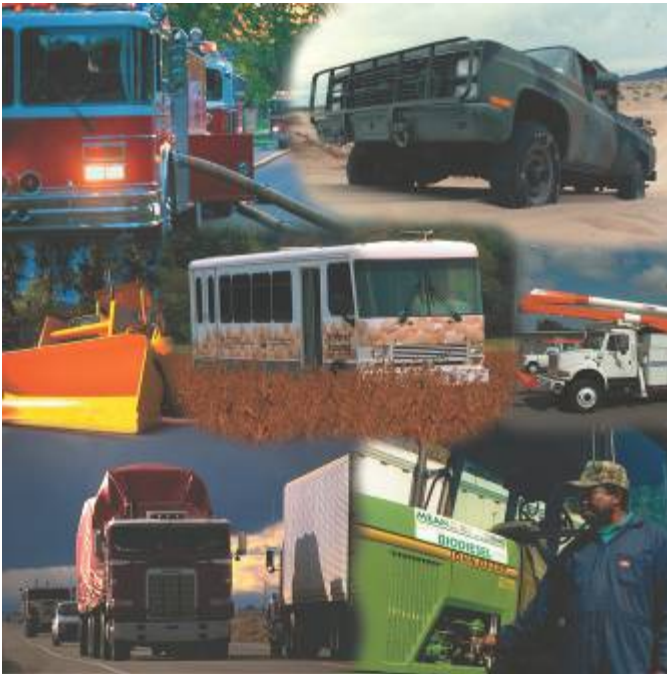




# Biodiesel Industry Overview

Joe Jobe

Executive Director/  
National Biodiesel Board

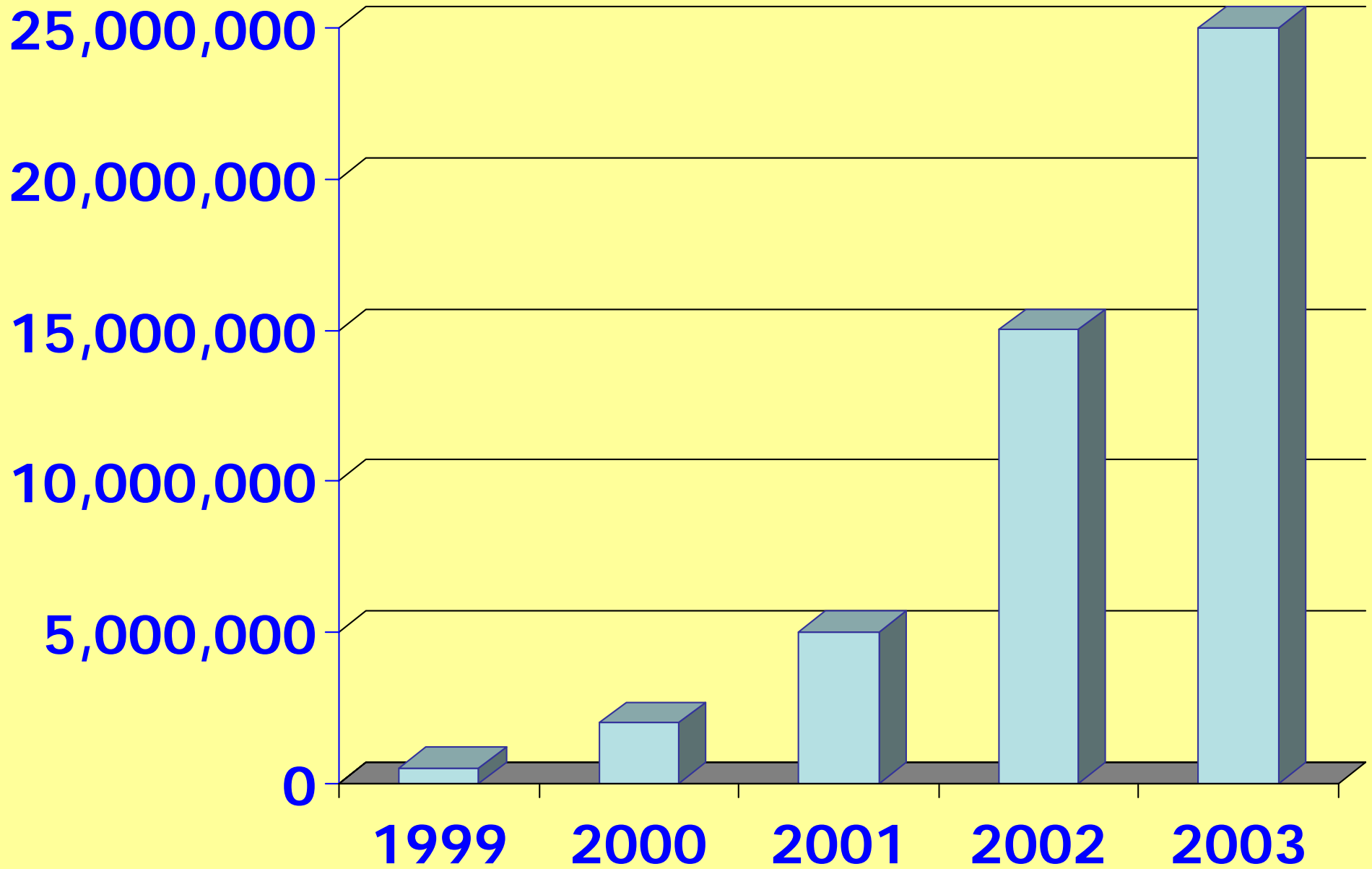


# Today's Topics

- **Industry Overview**
- **Vision for Future**
- **Update on Federal Legislation**
- **Update on State Legislation**



## B100 Fuel Survey Results



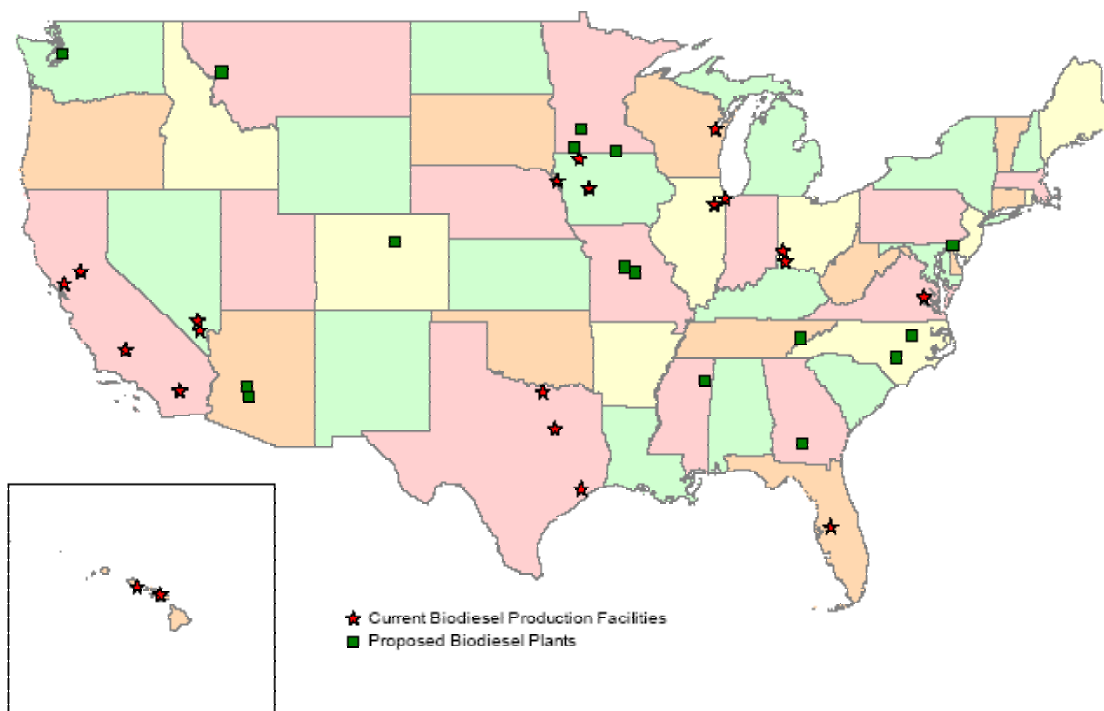


# Production

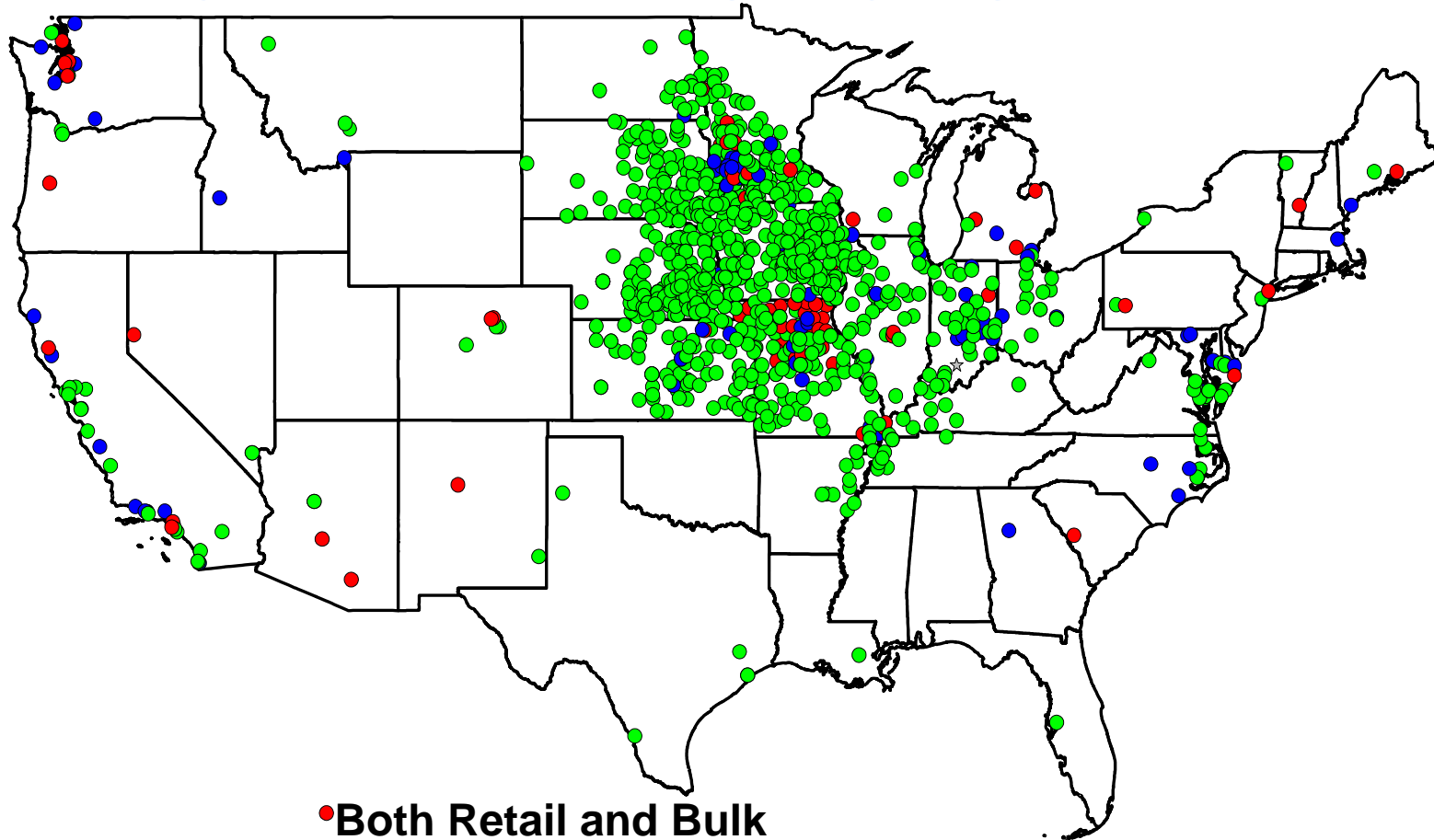
## Current and Potential Biodiesel Production

### Current and Proposed Biodiesel Production Plants

March, 2004



# Biodiesel Distribution Points



- Both Retail and Bulk
- Bulk Distribution
- Retail Outlet





# INFRASTRUCTURE

- More than 1,100 petro distributors
- Terminal Blending - Indiana, Kansas, Wisconsin and Iowa
- Up to about 200 retail pumps nationwide







# BIODIESEL MARKETS

- **B2** – Lubricity component for Ag Fuels, premium diesel fuels, RFS compliance w/ ULSD
  - ◆ Low blend is now an important strategy to Clean Cities program as well
- **B20** – EPACT, municipal, school buses
- **B100** – Niche markets: power generation, garbage truck fleets, California market





# Industry Priorities

- 1) National Energy Initiatives
- 2) State Energy Initiatives
- 3) Original Equipment Manufacturer Development
- 4) 2007 Engine Testing and Technology Development Program







# Biodiesel Tax Incentive

- Federal Excise Tax Credit
  - ◆ Transportation Bill
  - ◆ FSC/ETI
- Renewable Fuel Standard
  - ◆ Energy Bill



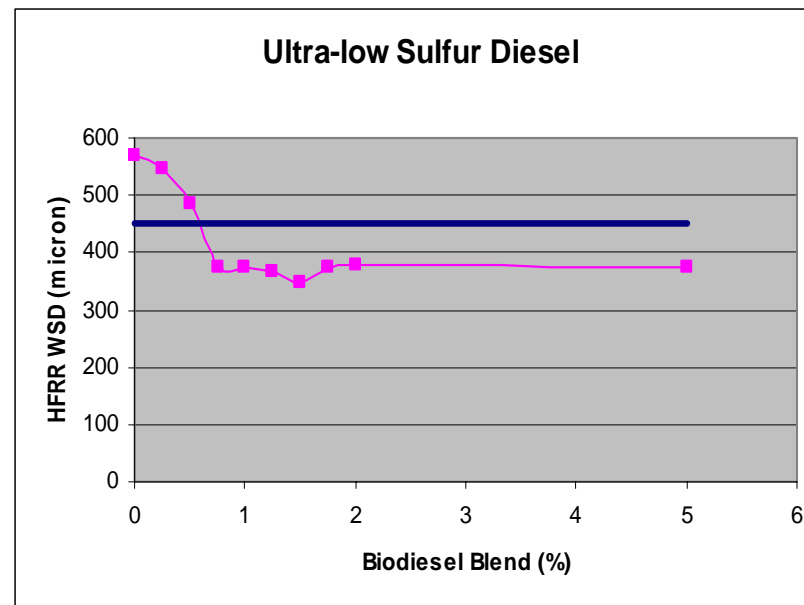


## EPA Low Sulfur Rule

- Rule finalized December 2000
  - ◆ 500 > 15ppm sulfur = lubricity issue
- Successful commercial expansion of biodiesel-based premium diesel



**SoyMASTER**  
SOY ENRICHED PREMIUM DIESEL FUEL

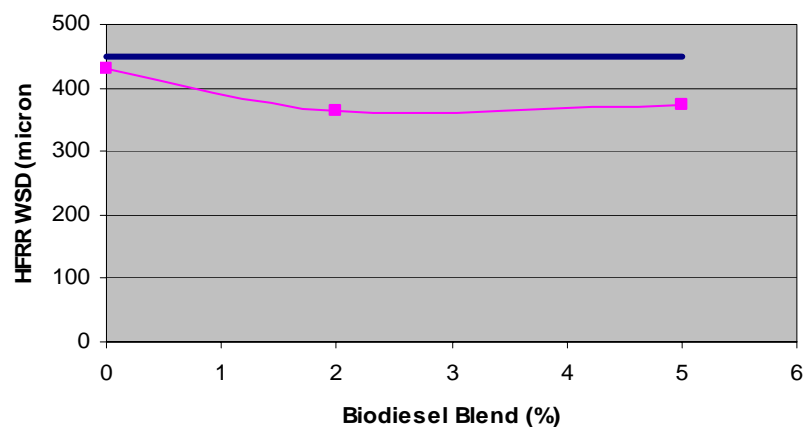


**SoyPOWER™**

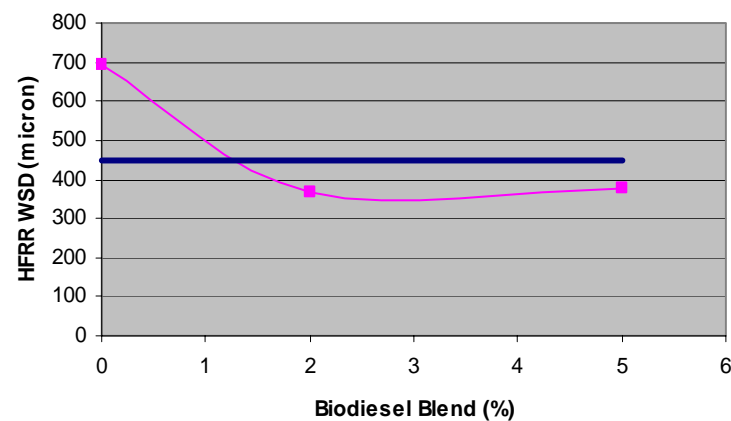


# LUBRICITY BENEFITS

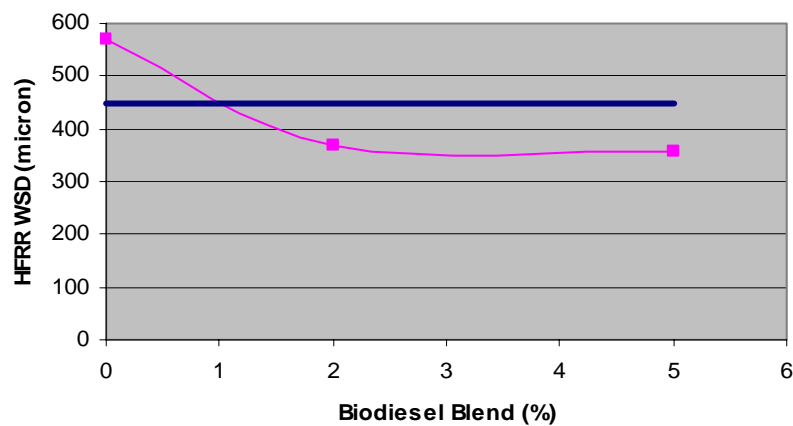
**#2 Low Sulfur Diesel**



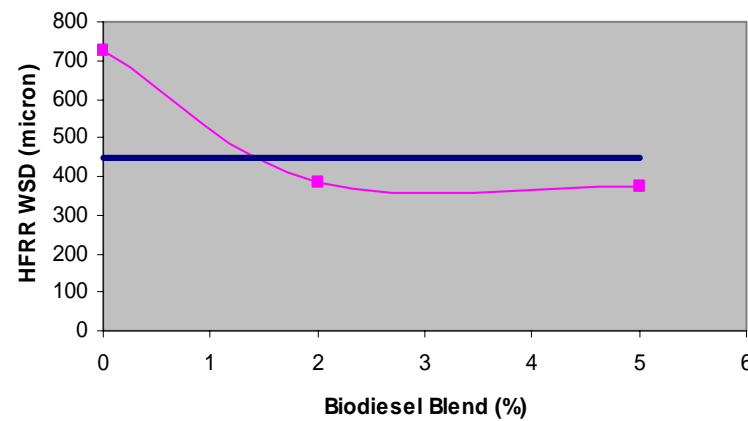
**#1 Low Sulfur Diesel**



**Canadian #2 Winter Diesel**



**JP-8**



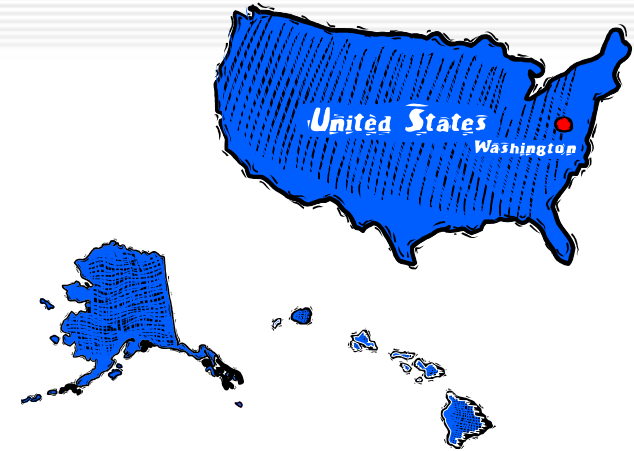


# Public Opinion Surveys

- Americans by a 2 to 1 margin are willing to support financial and tax incentives to increase the use of renewable fuels like biodiesel.
- 77% of Americans would be willing to pay 10 cents a gallon more for renewable fuels like biodiesel if they were available in their area.
- Reasons cited for interest in renewable fuels: Health, Environment, Energy Security, Rural Development



# State Legislation



Twenty-six biodiesel specific bills passed in 2003. Approximately 18 in 2002 and 15 in 2001 (2004 sessions still open).





# Types of legislation:

- State agency usage
- Retail mandate
- Economic Incentives
  - ◆ Grants
  - ◆ Producer incentives
  - ◆ Distributor/retailer incentives
- Misc – school buses; consumer protection







# 2004 Highlights

- Hawaii again increases tax savings for using biodiesel – now  $\frac{1}{4}$  of petrodiesel excise tax.
- Maine offers 5 cent per gallon incentive to producers.
- Illinois requires all state fleet vehicles to use B2.
- Kentucky requires all state park vehicles to use B20.



## 2004 Highlights cont.

- Indiana passed unanimously a state fleet vehicle use of B2 (but failed enactment as one issue dominated last few weeks of session)
- Nebraska and Kentucky will reimburse schools that want to switch to biodiesel



# Minnesota Mandate

- B2 in all diesel sold in the state
- 3 prerequisites
  - ◆ 8 million gallon capacity production; AND
  - ◆ Federal incentive of 2 cents; OR
  - ◆ June 30, 2005



# Illinois HB46/SB46

## ➤ HB 46

- ◆ Sales tax exemption (6.25%) on above B10.
- ◆ Partial exemption (20% off 6.25%) on B1 to B10.
- ◆ Generally will be a little over a penny discount on B1





# Arkansas SB 363

- Provides a 5% income tax credit for plant and equipment for biodiesel wholesale or retail distribution. Provides a 10 cent per gallon **grant** to qualified producers. Grants are limited to the first 5 million gallons of biodiesel produced annually, not to exceed 5 years.





# Indiana – HB 1001

- Income tax credits for producers/blenders/retailers. It is capped at \$1 million per incentive - total for the 2 years (2004-2005). The producer credit is equal to \$1 per gallon of biodiesel produced in Indiana, and used to make blended biodiesel (B2-B99). The blender credit (above B2) is 2 cpg, if using Indiana biodiesel. The retailer credit is one cpg (no restriction on state production).





# North Dakota – HB 1309

- 10% tax credit for producers/blenders on equipment. Also includes a 1.05 cent excise reduction on B2 after 8 million gallon capacity. The excise language was already law, but was set to expire June 2003.



# Texas – SB 273

- The bill establishes a biodiesel fund. Producers report the gallonage produced, pay a 3.2 cents per gallon (cpg) tax. The state matches by a multiplier of 5.25 cpg.
- Quarterly, the state issues grants of 20 cpg back to the plants. The 20 cpg grant lasts 10 yrs.
- Grants are limited to 18m gallons per year per producer per registered plant (\$3.6m).



# Consumer Protection

- South Dakota enacted a definition that biodiesel must meet ASTM specs.
- Maine enacted similar definition
- Kansas requires any fuel being called "biodiesel" to be at least B2.



# State agency usages

## ➤ B2

◆ KS, WA, IL

## ➤ B5

◆ NE

## ➤ B20

◆ MO, IN, KY, NJ





# Excise/Sales tax reductions:

- Texas
- Vermont
- Idaho
- Hawaii
- Illinois
- Montana
- North Dakota



# But what about Montana?

- Session only in odd numbered years.
- Excise reduction of 15% (passed 2001 – expires 2005)
- Pumps must have signs to show decrease in price.







# NBB Technical Library

National Biodiesel Board

[www.biodiesel.org](http://www.biodiesel.org)

1-800-841-5849



- Educational Videos Available
- Informational Resources
- Technical Resources
- On-line database





# National Biodiesel Conference and Expo 2005

- Jan 30 – Feb 2, 2005
- Ft. Lauderdale Florida

